



DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT CONTROLLING CONTRACT COMMITMENTS TO AVAILABLE FUND ALLOCATIONS	POLICY NO. 400.2	EFFECTIVE DATE 10/1/89	PAGE 1 of 5
APPROVED BY: Original signed by: ROBERTO QUIROZ <div>Director</div>	SUPERSEDES 405 3/29/88	ORIGINAL ISSUE DATE 3/29/88	DISTRIBUTION LEVEL(S) 1, 3

PURPOSE

- 1.1 To ensure control in the accuracy of all funding dollars for existing and new contracts, and for all amendments to existing contracts.

POLICY

- 2.1 Contract commitments shall not exceed the available fund allocations.

BACKGROUND

- 3.1 The need for internal control of funds committed to contract providers is critical because:
 - 3.1.1 The contract amount cannot exceed:
 - 3.1.1.1 Available State and County funds.
 - 3.1.1.2 The Board's expenditure appropriation as approved in the DMH County Budget.
- 3.2 State Cost Reporting/Data Collection budget, Cost Report, and Short-Doyle County Plan requirements must be observed; otherwise State reimbursement for actual expenditures may be denied.
- 3.3 A provider may have several contracts; therefore, a reconciliation of all contracts to a single provider to the provider's total allocation must be made.
- 3.4 There is also the need for clear accountability in order for the DMH to ensure that County, State, and DMH policies, procedures, and fiscal responsibilities are observed by all staff.

PROCEDURE

- 4.1 The following are procedures for completing the "Fiscal Summary Worksheet" by the Contracts and Grants Division staff. This will provide the required expenditure and revenue detail for CR/DC and Cost Report purposes.



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4.2 Fiscal Summary Worksheet (Attachment I)

- 4.2.1 Enter the provider name, provider number, control center number, and contract number for the specific contract. A separate form must be completed for each contract.
- 4.2.2 The funding categories must be detailed by Mode of Service and Service Function Code (Cost Center). Only Modality and Service Function Codes as approved by the Budget Services Division can be used. These approved codes are the only ones recognized by the DMH for billing payment purposes and approved by the State for reimbursement. No other codes may be used until the Budget Services Division obtains State approval for changes/corrections. Contract staff are to confer with Budget Services Division staff to obtain the most current listing of modality and service function codes.
- 4.2.3 The Contract gross cost should be entered on the negotiated net line (28) or on the contract line (40).
- 4.2.4 All revenues must be identified by source.
- 4.2.5 Federal Block Grant and Demonstration Block Grant dollars administered by DMH are to be specified under the line (69a).
- 4.2.6 Units of Service are to be included. The cost per unit of service will indicate if a potential cap problem exists. No contract commitment is to be made for an amount in excess of the rate cap.
- 4.2.7 Units of Time must be recorded for Day Treatment and Outpatient Services only.

4.3 Categorical Funding Detail (Page 2 of Attachment I)

- 4.3.1 The "total" by fund source category must be the same as or less than the budgeted allocation for each provider as issued by the Budget Services Division. Any difference must be resolved by the Contracts and Grants Division personnel prior to a contract being let. This will avoid creating an increased Net County Cost.
- 4.3.2 The "total" for "County Maximum Obligation" must equal the total amount of the contract. The Attachment I forms must be completed and submitted to the Budget Services Division for input into the State CR/DC Budget. These forms must be submitted to the Budget Services Division on or before August 15 and April 15, for the Initial and Final CR/DC Budgets respectively, in order to avoid State disallowances because of non-compliance to the Short-Doyle Plan process.



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4.3.2.1 The Contracts Division shall:

- Identify differences between contract commitments and available funds.
- Satisfactorily resolve any differences by working with involved program and budget staff.

4.3.2.2 The Accounting Division shall:

- Reconcile the Fiscal Summary Worksheet, the Budget Services Division's identified appropriation, and the Auditor-Controller encumbrance and expenditure records.

4.3.2.3 Management Information Systems Division shall:

- Only use modality and service function codes authorized in writing by the Budget Services Division.

4.4 Financial Sign-Off of Contract Commitment (Attachment II)

Following are procedures for completing the "Financial Sign-Off of Contract Commitment" by the Contracts and Grants Division staff. This document will provide a reconciliation of contracts by provider total, the County maximum obligation, and funding source, as well as integrating the contract into the Board approved County budget.

4.4.1 Contracts and Grants Division will complete and submit to the Budget Services Division the "Financial Sign-Off of Contract Commitment" form each time a contract is ready for forwarding to the Board for approval. The form is to include the amounts for contract being processed as well as all other contracts for that provider in order to permit a reconciliation to the Board approved County budget. The total amount for all contracts for the provider can then be compared to the funded appropriation. The Control Center Number will be assigned by the Accounting Division to each contract by provider number.

4.4.1.1 List by funding source the total funds "allocated" for the provider. If there is more than one contract awarded to the provider, all dollars must be summarized on this form. Use the fund amounts provided issued in the "Approved Funding" worksheet by the Budget Services Division to fill in the "Allocated" column.



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- 4.4.1.2 The Federal Financial Participation (FFP) may be adjusted from the "Approved Funding" amount. This would appear and be evident by an amount under the "difference" column for the "Federal Financial Participation (FFP)" line.
- 4.4.1.3 The Contracts and Grants Division is to complete and submit to the Budget Services Division the "Financial Sign-Off" form when the contract is ready for Board transmittal.
- 4.4.1.4 No contract, new or amended, shall be submitted to the Los Angeles County Board of Supervisors for adoption until an approval "Financial Sign-Off" form has been received by the Contracts and Grants Division from the Budget Services Division.
- 4.4.2 The Budget Services Division will confirm and approve, or not approve. The sign-off form will be returned to the Contracts and Grants Division. Any "not approved" actions are also to be communicated to the Director, Assistant Director of Administration, and Finance Specialist.
- 4.4.3 The Budget Services Division is to process the sign-off request within 2 working days (i.e., a full 16 regular working hours).
- 4.4.4 Upon receipt of an approved sign-off, the Contracts and Grants Division may proceed in submitting the contract to the Board. Notification (no later than April 15) to the Budget Services Division must be made of all fund shifting for reporting of funds as required by the State for reimbursement. See DMH Policy/Procedure "Cutoff for Contract Allocation Changes" for specifics.
- 4.4.5 In the event of disapproval because budgeted funds are not available, the Contracts and Grants Division has responsibility for identification of where the needed funds are to come from and resubmit the sign-off form to the Budget Services Division.
- 4.4.6 Payment to contractors by the Accounting Division shall be based on the annual budget appropriation as identified in the "Approved Funding" letter issued by the Budget Services Division. The Request for Authorization (RFA) prepared by the Accounting Division shall not exceed the lesser of the contract maximum obligations or the "Approved Funding" as specified by the Budget Services Division.
- 4.5 The Budget Services Division should be contacted for further assistance in completing these forms.



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4.6 Any questions concerning this policy should be referred to the Office of Finance Specialist.

4.7 Responsible Person(s):

Completing Attachments I and II - Contracts and Grants Division

Approving Attachment II - Budget Services Division

Reporting Attachments I and II in CR/DC budgets - Budget Services Division

AUTHORITY

DMH Policy, "Notification of Allocations"

ATTACHMENTS

Attachment I	Fiscal Summary Worksheet
Attachment II	Financial Sign-Off of Contract Commitment

FISCAL SUMMARY WORKSHEET
CONTRACT AND REVENUE DETAIL

Page 1 of 2

PROVIDER NAME: _____
PROVIDER NO. : _____

Control Center No. _____
CONTRACT NO. _____

MODE OF SERVICE	00	00	00	00	00	00	00	TOTAL
COST CENTER	00	00	00	00	00	00	00	
281NEG./FEE FOR SERV. CONTRACTS	0	0	0	0	0	0	0	281
401CONTRACTS	0	0	0	0	0	0	0	401
451GROSS COST	0	0	0	0	0	0	0	451
681REVENUES	0	0	0	0	0	0	0	681
691a. GRANTS	0	0	0	0	0	0	0	691
701b. PATIENT FEES	0	0	0	0	0	0	0	701
711c. PATIENT INSURANCE	0	0	0	0	0	0	0	711
721d. MEDI-CAL/FEDERAL	0	0	0	0	0	0	0	721
731e. MEDI-CAL/NON-FEDERAL	0	0	0	0	0	0	0	731
741f. MEDICARE	0	0	0	0	0	0	0	741
751g. OTHER	0	0	0	0	0	0	0	751
761h. SUPPL. RATES/SED	0	0	0	0	0	0	0	761
781TOTAL REVENUES (Lines 69 thru 76)	0	0	0	0	0	0	0	781
801NET COST (Line 45 minus 78)	0	0	0	0	0	0	0	801
821PATIENT DAYS OR VISITS	0	0	0	0	0	0	0	821
851COST PER UNIT OF SERVICE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	851
861UNITS OF TIME (1/4 HOUR)	0	0	0	0	0	0	0	861

Attachment to DMH
Policy #400.2

FISCAL SUMMARY WORKSHEET
CATEGORICAL FINDING DETAIL

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PROVIDER NAME: _____
PROVIDER NO. : _____

Control Center No. _____

CONTRACT NO. _____

MODE OF SERVICE	00	00	00	00	00	00	00	00	TOTAL
COST CENTER	00	00	00	00	00	00	00	00	
IRREGULAR SHORT-DOYLE (SGF)	0	0	0	0	0	0	0	0	0
ICOMM RESIDENTIAL TRMT (BATES)	0	0	0	0	0	0	0	0	0
ITARGETED SUPPLEMENTAL JAIL ALTERNATIVES	0	0	0	0	0	0	0	0	0
ITARGETED SUPPLEMENTAL PRIORITY POP.	0	0	0	0	0	0	0	0	0
IRRESIDENTIAL CARE SUPPLEMENT	0	0	0	0	0	0	0	0	0
IHOMELESS	0	0	0	0	0	0	0	0	0
IAB 3632	0	0	0	0	0	0	0	0	0
IFEDERAL BLOCK GRANT	0	0	0	0	0	0	0	0	0
IFEDERAL DEMONSTRATION BLOCK GRANT	0	0	0	0	0	0	0	0	0
IUNEXPENDED _____, FY --	0	0	0	0	0	0	0	0	0
IUNEXPENDED _____, FY --	0	0	0	0	0	0	0	0	0
IMANDATORY COUNTY MATCH	0	0	0	0	0	0	0	0	0
IFEDERAL FINANCIAL PARTICIPATION (FFP)	0	0	0	0	0	0	0	0	0
ICONREP	0	0	0	0	0	0	0	0	0
ICOUNTY MAXIMUM OBLIGATION	0	0	0	0	0	0	0	0	0

08/24/07
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Attachment to DMH
Policy #400.2

**COUNTY OF LOS ANGELES DEPARTMENT OF MENTAL HEALTH
FINANCIAL SIGN-OFF OF CONTRACT COMMITMENT
BY PROVIDER TOTAL**

Control Center Number _____ Provider Number _____

Contractor's Name _____

	CONTRACT #	CONTRACT #	CONTRACT #	TOTAL ALLOCATED CONTRACTS
<u>Fund Source</u>	_____	_____	_____	
Regular Short-Doyle (SGF)	\$	\$	\$	\$
Comm Residential Trmt. (BATES)				
Targeted Supplemental Jail Alter.				
Targeted Supplemental Priority Pop.				
Residential Care Supplement				
Homeless				
AB 3632				
Federal Block Grant				
Federal Demonstration Block Grant				
Unexpended _____, FY ____-____				
Unexpended _____, FY ____-____				
Mandatory County Match				
Fed. Financial Participation (FFP)				
CONREP				
	_____	_____	_____	_____
County Maximum Obligation	\$_____	\$_____	\$_____	\$_____

1. Use Policy/Procedure #DF-5 _____ for identification and shifting of the necessary funds to make difference equal to zero.

CONTRACT AND GRANTS DIVISION ACTION:

Prepared by: _____ Title: _____ Date: _____

BUDGET DIVISION ACTION:

☐ **CONTRACT COMMITMENT APPROVED**

☐ **CONTRACT COMMITMENT NOT APPROVED**

By: _____ Title: _____ Date: _____

c: Finance Specialist
CAO Analyst
Director (Not approved items only)